Fliers in for pain as airlines pack it in

By Marilyn Adams, Barbara De Lollis and Barbara Hansen, USA TODAY

The USA's air-travel map is shrinking fast, dropping scores of routes and flights that airlines simply can't afford anymore in a world of $130-a-barrel oil.

A USA TODAY analysis of fall airline schedules shows the nation's most popular vacation destinations will be among the biggest air-service losers. Many flights to Honolulu, Orlando, Las Vegas and other favorite vacation venues have vanished or will soon because cheap tickets bought by tourists don't cover the cost of getting there.

Travelers who fly among the USA's biggest business airports — such as New York LaGuardia, Chicago O'Hare and Dallas/Fort Worth — will probably see the fewest changes, because there's ample demand and fares are high.

But large cities in the shadow of larger airline hub airports will suffer disproportionate losses. For example, flights out of Oakland, a low-airfare alternative to San Francisco, will have almost a fifth fewer seats this October than a year earlier as airlines reduce or eliminate Oakland service in favor of more profitable flights at San Francisco.

Small cities won't be spared. More than 50 small airports in the Lower 48 states serving places such as Rockford, Ill., and Stockton, Calif., will lose a third or more of the service they had last October as measured by seats on domestic flights. Other midsize airports are seeing double-digit reductions. Kansas City, for example, will have 16% less service in October than a year ago, and Tulsa 13% less.

At least 15 tiny airports such as Merced, Calif., have lost or will lose all of what little air service they had from Mesa Airlines subsidiary Air Midwest, because that small regional carrier is shutting down this month, a casualty of high fuel prices. They are scrambling to replace their service. Many of those small and midsize communities have been served by 50-seat regional jets or even smaller planes, aircraft that generate too little revenue to justify the same service now.

Comparing changes over a broader time frame, the Air Transport Association says air service has been eliminated in 60 communities that had some in 2007, and 37 more will lose all service later this year.

For fliers, fall will bring fewer daily flights on some busy routes, especially less-popular early-morning and late-night flights. There'll be fewer non-stop choices, especially from cities that are not airlines' hub airports. Many travelers accustomed to flying non-stop from their local airports will be forced to drive to a distant airport for the flight they need or will have to use connecting flights.

Where airlines quit flying, reduced competition will allow the remaining carriers to push up fares.

"The good times are about to end for consumers," says airline consultant Mo Garfinkle of GCW Consulting. "They've had it too good, with low fares, for too long. These cuts are just the first step; we will see more this fall."

Most major airlines have announced modest domestic flying reductions of about 10% or less for the fall. Industry analysts such as JPMorgan's Jamie Baker and Calyon Securities' Ray Neidl are calling for cuts of at least 20% of airlines' domestic flying capacity if airlines hope to break even. Some airline officials agree.

"If fuel prices continue at these levels, this will not be enough," says Kevin Knight, United Airlines' senior vice president of route planning.

The result of the industry's flight cutbacks will be exactly what airlines desperately need: big ticket price increases, hence more revenue, because there will be fewer flights to choose from.

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Using airline schedule information provided by OAG-Official Airline Guide, USA TODAY last week compared U.S. carriers' preliminary October 2008 schedules with those for last October for flights within the USA. Airlines are setting the bulk of their cutbacks to start in the fall, but some have not finalized their published schedules yet, so the full extent is unknown. Alaska Airlines said Tuesday its planned cuts in domestic flying will be nearly double what USA TODAY found a week ago. Reductions will fall harder on domestic routes than international ones, where there's generally less competition and more profit potential for airlines.

Many of the air-service cutbacks that are publicly known today fall into three broad categories:

Vacation spots squeezed

Four carriers are trimming seats from the 48 contiguous states to Hawaii, USA TODAY's analysis shows. Just last week, American Airlines (AMR) announced plans to quit flying from its Chicago O'Hare hub airport to Honolulu, for example. United (UAUA) has its Hawaii service "under review," Knight says.

For October, air service from Honolulu to the U.S. mainland will be down 10% year-over-year.

Hawaii will have a quarter less scheduled air service than a year ago, measured by seats on flights. Inter-island flights provided by defunct Aloha Airlines account for a lot of that cut. Aloha and ATA Airlines, which flew between Hawaii and the U.S. mainland, shut down this spring.

Those failures cost Hawaii 1 million visitors a year, says the Hawaii Visitors and Convention Bureau. To fight back, Hawaii will spend an extra $3 million in the next few months to market to the U.S. mainland.

"We're looking at a crisis, not just in Hawaii, but across the country," says John Monahan, the convention bureau's CEO.

Meanwhile, Las Vegas, the nation's casino capital and a magnet for low-fare carriers, is also drawing major reductions in service. US Airways (LCC), the No. 2 Las Vegas carrier after Southwest (LUV), will have about a quarter less flying capacity out of the city this October, more than 120,000 fewer seats. Delta (DAL) and Northwest (NWA) will be down about as much in percentage terms.

One reason is that the average airfare per mile flown on Las Vegas flights is among the lowest of any airport, according to consulting company Sabre Airline Solutions. In May, it was about 10 cents, compared with 16 cents a mile on flights from Minneapolis, for example.

US Airways' downsizing in Las Vegas includes eliminating its cheap "red-eye" flights that took off late and flew through the night to the East Coast.

"If there are plenty of seats to go during the day, most people would rather fly during the day than make a red-eye flight, so those seats are going first," says Andrew Nocella, US Airways' chief planner.

In Florida, numerous vacation destinations, especially theme park-packed Orlando, will suffer a drop-off in service this summer and fall. Because so many airlines serve Orlando, the average fare per mile on outbound flights is only about 11 cents, among the lowest of any U.S. airport.

So Delta, one of the three biggest airlines there along with Southwest and AirTran (AAI), says it will cut 45% of its seats to Orlando starting this month. Delta is eliminating non-stop flights between Orlando and cities that are not its hubs, many of them regional jet flights.

It will stop flying non-stop from New Orleans to Orlando and Nashville to Orlando, among others.

Secondary airport options narrow

Some airports that are smaller and lower-fare alternatives to big metropolitan airports are losing far more service than their big-city counterparts, where fares are typically higher. In some cases, as they park scores of planes, airlines are simply withdrawing from so-called secondary airports.

Continental Airlines (CAL) is pulling out of Midway Airport, Chicago's secondary airport, while staying at Chicago O'Hare. Delta is leaving Islip, Long Island's MacArthur, an alternative to the big three New York airports. American is getting out of Oakland — which it has served since 1947 — but staying at San Francisco.

In October, Midway, Islip and Boston-alternative Manchester, N.H., will each have lost more than a tenth of the seats they had last year.

Not every secondary airport is losing service. Fort Lauderdale, a well-known alternative to Miami, is gaining flights this fall, USA TODAY's analysis found.

What secondary airports have in common is that they are havens for low-fare carriers, especially discount powerhouse Southwest Airlines. Southwest began exploiting secondary airports decades ago because they are gateways to major cities but lack the high operating costs of nearby bigger airports.

The presence of Southwest and other discounters such as AirTran Airways at an airport depresses fares across the board because airlines such as American or Delta must match the lower fares. That is why the average one-way fare from Oakland is $103, compared with $187 from San Francisco, says Sabre.

For years, Oakland has been the less-expensive alternative to San Francisco, a giant hub for United. Six years ago, Oakland was the USA's second-fastest-growing airport, behind Cincinnati.

Although Southwest remains its leading airline, the airport has been hit hard by the shutdowns of ATA and Aloha, American's planned pullout, and capacity reductions by Delta, United, US Airways and Alaska.

As a result, Oakland has shelved plans for a third airport terminal.

"We were the media darling," recalls Oakland airport spokeswoman Rosemary Barnes. "This is the first time in 10 years we have seen a reduction in service."

For airlines without Southwest's cost advantages, offering the same air service at secondary airports is out of the question now. Where they can't compete profitably, American, United, Delta, Continental, Northwest and US Airways are fleeing from low-cost airlines, leaving them with larger market shares.

Communities losing 'RJ' links

As fuel prices are hitting certain communities harder than others, they are also battering smaller planes much harder than full-size jets. Introduced in the 1990s, regional jets — or "RJs" — became immensely popular because they fly faster and farther than turboprops and were sized right for smaller cities.

With oil at $130 barrel, small jets don't carry enough people to pay for fuel on many routes. The grounding of scores of regional jets and other small aircraft will usher in many of this year's air-service cuts. Delta, with the industry's largest fleet of regional jets, plans to park as many as 70 regional jets this year. American, which owns regional carrier American Eagle, will ground about 40.

The schedule shows Delta in October will stop flying about 70 non-stop routes that were flown with RJs a year earlier. Many connected midsize cities to Orlando or other leisure destinations. Others were convenient, business routes, such as Reagan Washington National Airport to Columbus, the capital of Ohio.

The result will be fewer and less-convenient connections. Delta's non-stop RJ flight between Boston and Norfolk, Va., for example, takes less than two hours. Once it's gone, flying between those two cities will mean connecting through New York Kennedy Airport, a trip that will take anywhere from four hours to more than six hours, depending on the layover time in New York.

Continental Airlines will reduce its RJ service by 8% in October. One casualty: Cleveland to Chicago Midway service, an RJ route Continental will stop flying.

"We think 30% of the flights being flown by 50-seat regional jets were losing money. There's going to be a panic to unload these airplanes," says aviation consultant Michael Boyd of the Boyd Group.

Some cities take multiple cuts

As schedule reductions unfold, some cities are suffering multiple blows. One is Kansas City.

Nearly all of the 13 airlines that served Kansas City last October will offer fewer flights this October. Small Midwest Airlines, for whom Kansas City is a hub, will provide a third less service this October than last October. AirTran Airways, which offered five non-stop flights a week last year from Kansas City to Orlando, is going to one. All-RJ ExpressJet Airlines is cutting Kansas City service 79%. American is abandoning Kansas City to Dallas Love Field, a route where it offered eight regional-jet flights a day. Southwest, which is based at Love Field, has eight daily non-stop flights serving Kansas City. It is trimming slightly but will have by far the most service there.

Last year, Kansas City — home to Hallmark, H&R Block, Russell Stover and Sprint, among others — was one of the USA's fastest-growing airports, adding 16 routes in 2007.

Kansas City air service manager Justin Meyer says Kansas City is emblematic of changes playing out around the country. He thinks what's happening at his airport will not be the exception.

"We might be on the leading edge," he says.